



Cities, Devolution and Growth: The economic case for more powerful UK cities

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December 2014



Globally economic activity is concentrating in cities



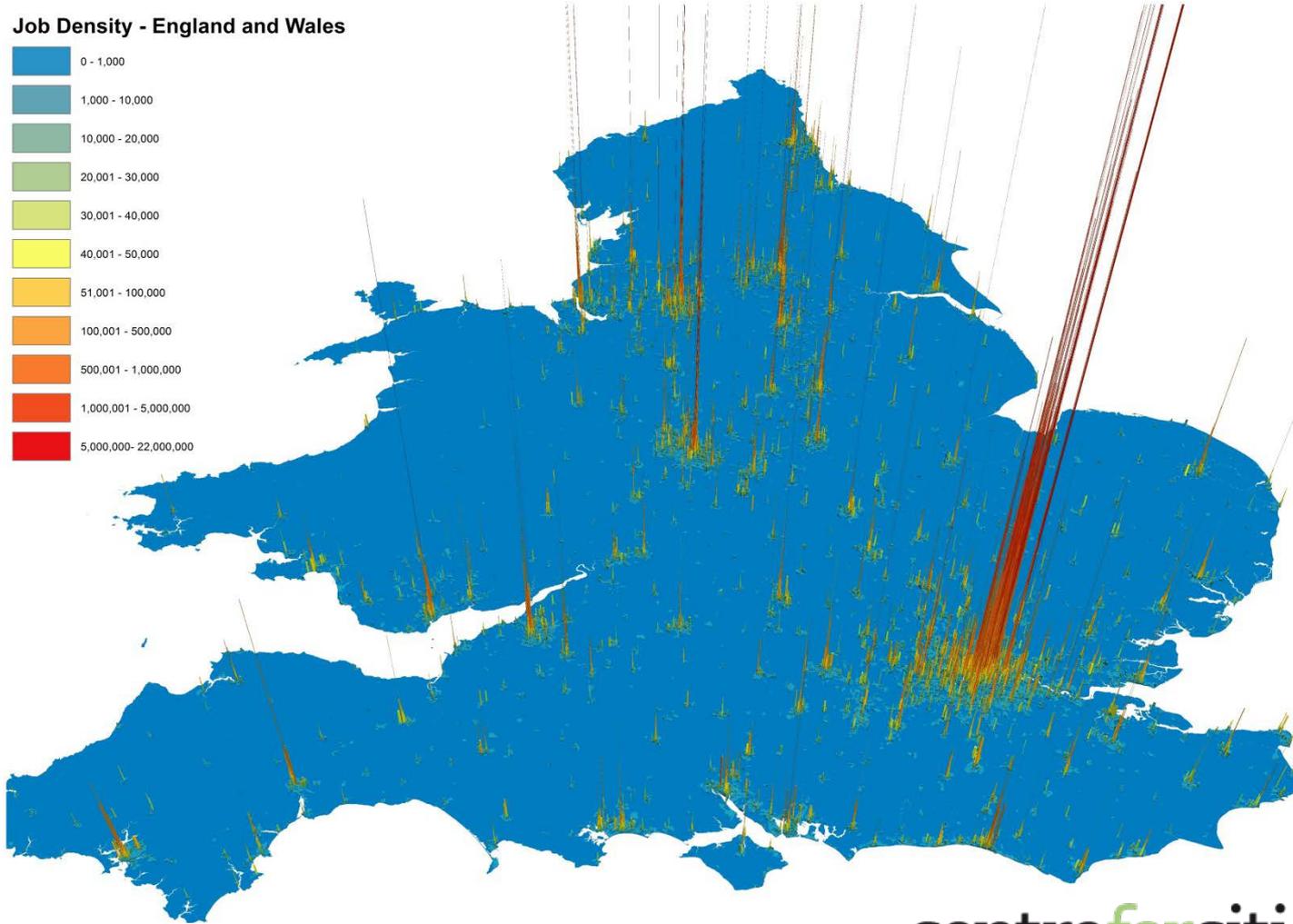
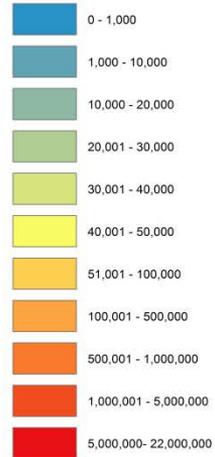
SOURCES: THE WORLD INTELLECTUAL PROPERTY ORGANIZATION; UNITED STATES PATENT AND TRADEMARK OFFICE

MAP BY TIM GULDEN

www.WhosYourCity.com

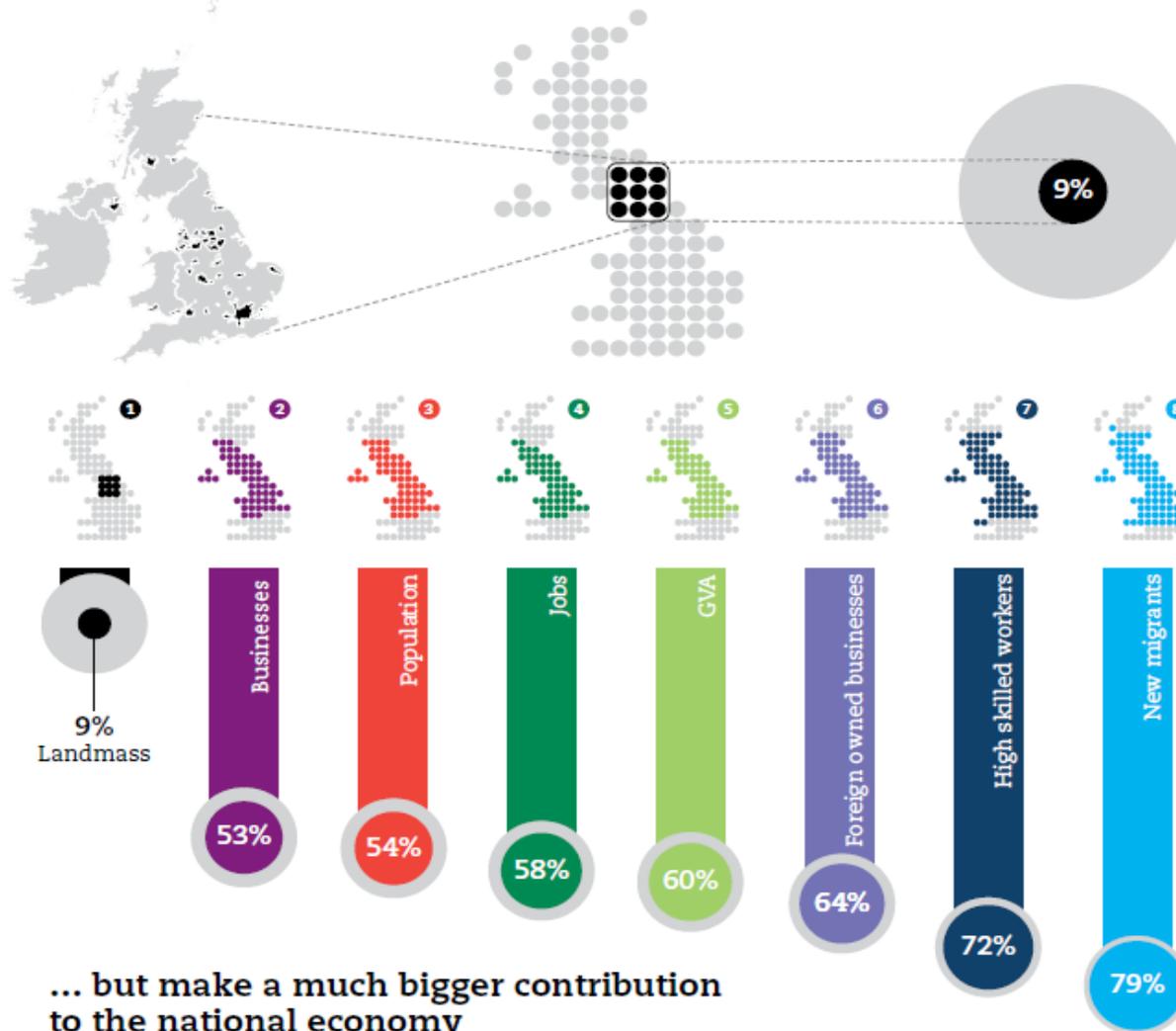
And it is the same in the UK

Job Density - England and Wales



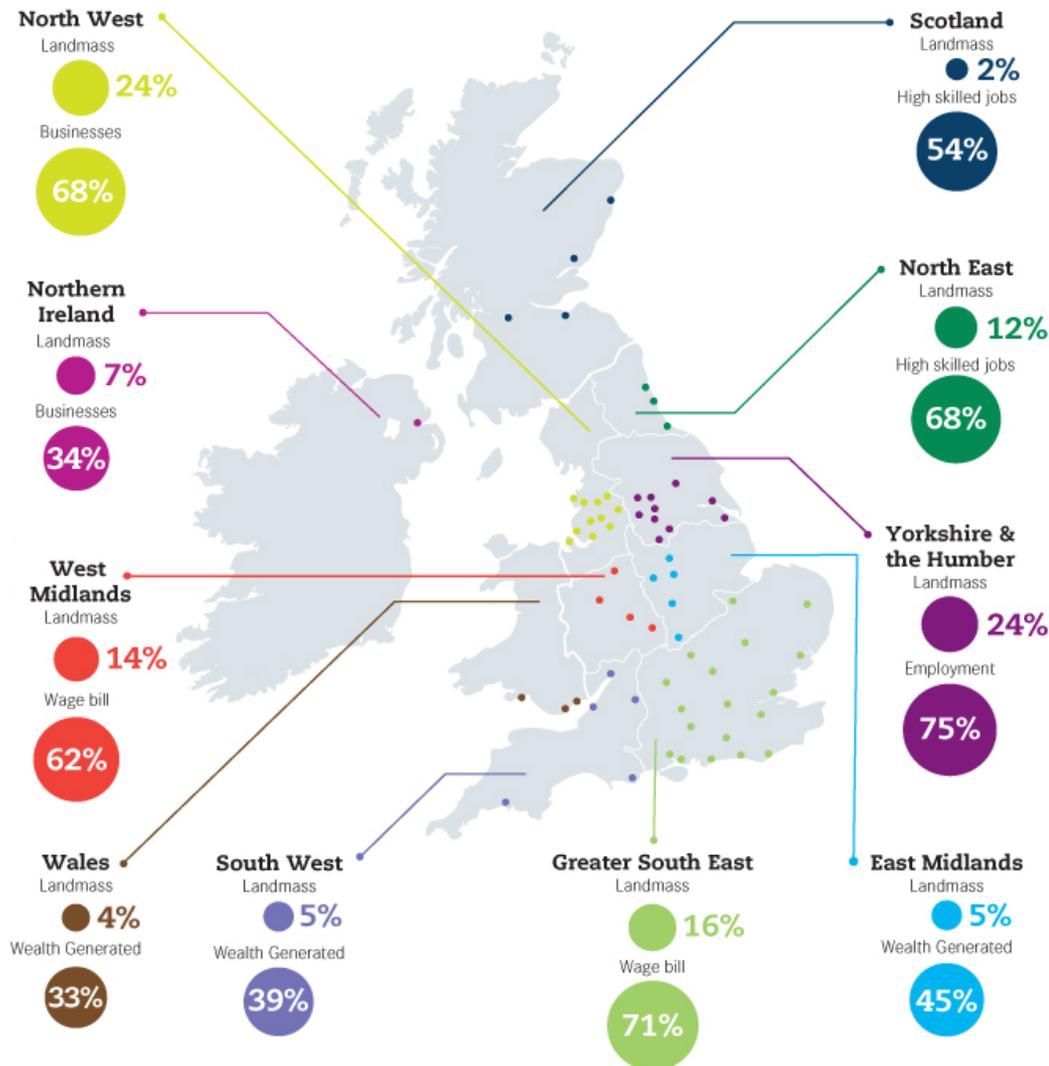
Cities matter to the UK economy

Cities make up just 9% of the UK's landmass ...



... but make a much bigger contribution to the national economy

And they matter to regional economic performance





National recovery is a city-led recovery

Contribution to national private sector job creation, 2010-2012



Source: NOMIS 2013, Business Register of Employment Survey, 2010-2012 data

But our large cities punch well below their weight...



	Employment rate, Jul 2012-Jun 2013 (%)	Business start-ups per 10,000 population, 2012	Residents with high level qualifications, 2012 (%)	Residents with no formal qualifications, 2012 (%)	Workplace earnings, 2012 (£)
UK Average	71	42.3	34	10	502
London	71	75.5	47	8	684
Bristol	73	44.1	39	8	489
Birmingham	63	33.5	26	15	474
Glasgow	65	34.3	41	13	486
Leeds	69	39.2	35	10	489
Liverpool	63	30.1	23	16	479
Manchester	68	43.7	33	11	484
Newcastle	65	30.0	31	11	469
Nottingham	66	29.8	31	8	452
Sheffield	68	28.7	30	11	444

Source: NOMIS 2013, Annual Population Survey, residents analysis, July 2012- June 2013, 2012, data; ONS 2013, Business Demography, 2012 data; NOMIS 2013, Mid-year population estimates, 2012 data; ONS 2013, Annual Survey of Hours and Earnings (ASHE), average gross weekly workplace based earnings, 2013 data. Green signifies that a city outperforms the national average, whereas red means that it underperforms it.



And face a big challenge to retain talent...

Net migration to London
by age group and city size,
2009-2012

**22-30 year old
migration flows**

Out of London

→ -1,245 - -500

→ -499 - 0

In to London

→ 1 - 1,000

→ 1,001 - 6,000

→ 6,001 - 10,000



Source: ONS 2013, Internal Migration by Local Authorities in England and Wales
Contains Ordnance Survey data © Crown copyright and database right 2013



...meaning the UK economy can appear 'unbalanced'



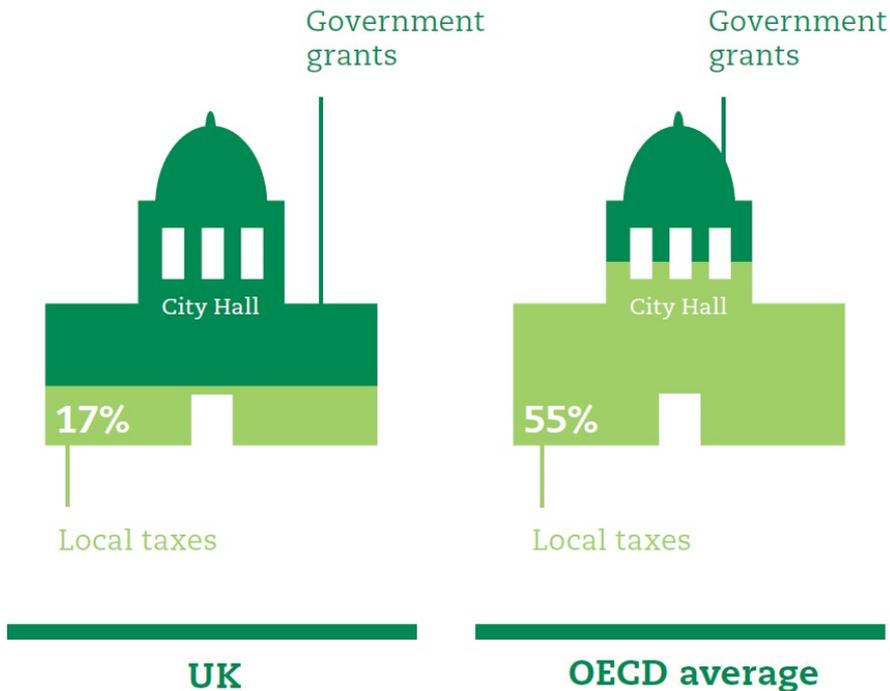
Source: ONS 2013, Workplace based GVA^{1,2} NUTS3 at current basic prices, 2012 data; Nomis 2013, Business Register of Employment Survey, 2012 data; Nomis 2013, Mid-year population estimates, 2012 data; own calculations.



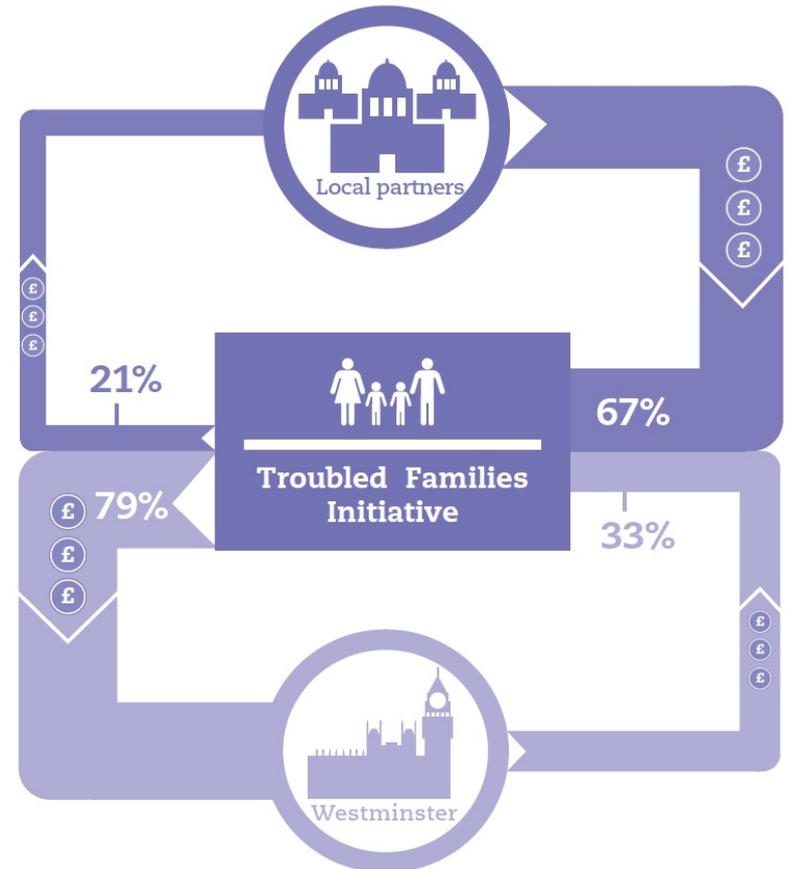
- 2011:** The Localism Act
- 2012-14:** Two rounds of City Deals
- 2014:** Local Growth Deals
- 2014:** Greater Manchester Deal



But cities still have little control over their money

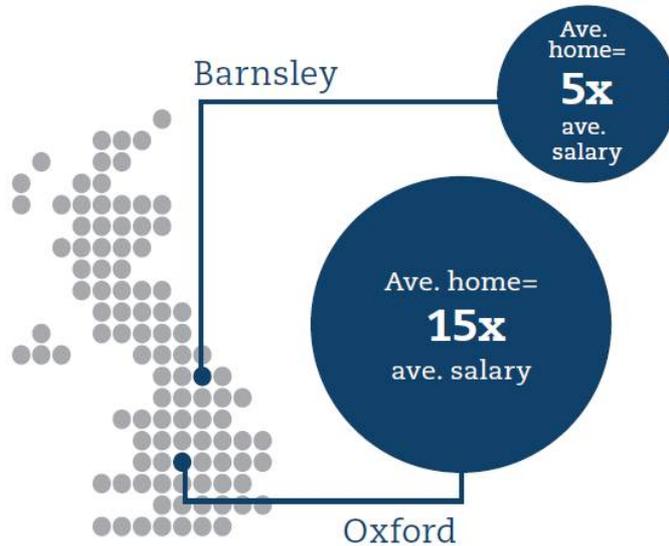


Source: Blöchliger H & Petzold O (2009) *Taxes of Grants: what revenue source for sub-central governments?*
OECD Economics Department Working Paper, No. 706. France: OECD Publishing

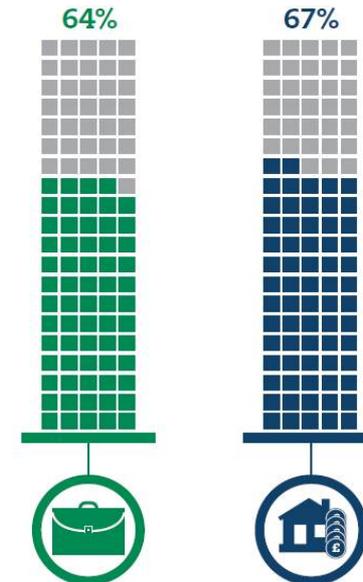




City growth can be a doorstep issue at the Election



Housing affordability



REDUCING UNEMPLOYMENT
64% of unemployment is in cities

REDUCING BENEFIT RELIANCE
67% of housing benefit is spent in cities

- **Need for change in powers and funding**
 - Cities and Prosperity Act – with initial focus on Greater Manchester & Leeds
 - Spending Review – focus on cities and city regions
 - Integrated City Budgets – welfare, rewards for success
 - Transport funding and control
 - Increased tax and borrowing powers
- **Cities need to step up**
 - Metro Mayors and Combined Authorities
 - Taking on risk as well as responsibility



Is it a realistic aim for policy to “rebalance the economy”?

Can UK cities fulfill their potential without elements of fiscal devolution?

Will city devolution lead to greater disparities between and within regions?

What does this mean for policy?



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